

Message Text

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PAGE 01 STATE 008686

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ORIGIN AGR-08

INFO OCT-01 NEA-09 ISO-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00 CIEP-01

FRB-01 OMB-01 L-02 /045 R

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R 142018Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY TUNIS

INFO AMEMBASSY RABAT

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RABAT FOR AGRICULTURAL ATTACHE

E.O. 11652: N/A

TAGS: EAGR, ETRD, TS

SUBJ: COTTON CONTRACT PROBLEMS

1. ALLENBERG COTTON CO., MEMPHIS, TENN. HAS A CONTRACT PROBLEM WITH MANUFACTURE TEXTILE DU SUD, SFAX, TUNISIA AND ARE ASKING EMBASSY INTERVENTION ON THEIR BEHALF AS QUICKLY AS POSSIBLE TO HELP RESOLVE PROBLEM.

2. CONTRACT DETAILS ARE:

DATE OF SALE - OCTOBER 3, 1974

QUANTITY - 300 METRIC TONS

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PAGE 02 STATE 008686

PRICE - 120.60 CENTS PER KILO

SHIPMENT - END OF NOVEMBER 1974

3. ALLENBERG SUPPLIED THE FOLLOWING INFORMATION:

" ON SEPTEMBER 23 OF THIS YEAR A SELLING AGENT IN TUNISIA NAMED SOCIETE TUNISIENNE DE REPRESENTATION ET D'ECHANGES COMMERCIAUX, KNOWN AS SOTUREC, ASKED US TO OFFER U.S. COTTON FAS U.S. GULF PORTS, PAYMENT BY IRREVOCABLE AND CONFIRMED LETTER OF CREDIT. AFTER EXCHANGE OF SEVERAL TELEX MESSAGES ON OCTOBER 3 BUSINESS IN THE AMOUNT OF 300 TONS FOR NOVEMBER SHIPMENT WAS CONCLUDED. A COPY OF THE BID AND OUR CONFIRMATION OF SALE ARE INCLUDED HEREIN.

"ON OCTOBER 14, WE ADVISED SOTUREC BY TELEX THAT THE COTTON WAS READY TO LOAD A BOAT AON NOVEMBER 3 AND TO ADVISE CREDIT DETAILS. SOTUREC REPLIED THAT FILAS (MATEX) WAS NOW RECEIVING CHEAPER OFFERS AND ACCORDINGLY ASKED THAT WE CANCEL THE ORDER OR REDUCE THE PRICE. WE REPLIED THAT THIS WAS IMPOSSIBLE, SINCE WE HAD PURCHASED THE COTTON FOR THE ORDER IN A HIGHER MARKET. SINCE THAT TIME, FILAS HAS IGNORED OUR ATTEMPTS TO OPEN CREDIT AND RECEIVE THE COTTON.

"BASED ON THE DECLINE IN VALUE OF COTTON SINCE OCTOBER 3 WE WILL SUFFER A LOSS OF DOLS 110,000.00 IF WE MUST RESELL THIS 300 TONS OF COTTON, A LOSS WE CAN ILL AFFORD TO TAKE. WE BELIEVE IF FILAS (MATEX) CAN BE 'SHOWN THE WAY' TO ACT HONORABLY AND OPEN CREDIT QUICKLY THAT THIS WILL BE FAR LESS COSTLY TO THEM BOTH IN MONEY AND REPUTATION THAN PROTRACTED LEGAL PROCEEDINGS."

4. U.S. EXPORTERS HAVE UNTARNISHED REPUTATION IN INTERNATIONAL COTTON MARKETS FOR FULFILLING CONTRACTS EVEN ON A RISING MARKET WHILE MANY OTHER COTTON EXPORTING COUNTRIES DEFAULTED ON SHIPMENTS, AND THEY EXPECT BUYERS FULFILL THEIR CONTRACT OBLIGATIONS. USG KNOWS AND STRONGLY SUPPORTS THE PRINCIPLE THAT FOR A MARKET ORIENTED SYSTEM TO FUNCTION PROPERLY CONTRACT OBLIGATIONS BY BOTH PARTIES MUST BE STRICTLY ADHERED TO.

5. PLEASE INVESTIGATE AND ADVISE ASAP. KISSINGER

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Message Attributes

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Margaret P. Grafeld
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